



# NEWS RELEASE

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### ***SBA OPENS WORKSHOP SERIES TO PROMOTE VENTURE CAPITAL INVESTMENTS IN 'NEW MARKETS'***

**CHICAGO** – U.S. Small Business Administration (SBA) Administrator Aida Alvarez today held the first in a series of workshops designed to increase venture capital investments in “New Market” small businesses: newer, smaller businesses and those in distressed rural and inner city communities.

At the workshop in Chicago, the Administrator told an audience of lenders, investors, and community leaders: **“Thanks to President Clinton’s economic leadership, small business is thriving. But there are still gaps in the market when it comes to access to credit and capital. That’s why we are focusing on newer, smaller businesses, and those in distressed rural and urban areas.**

**“The President’s New Markets Initiative brings together the tools that newer, smaller businesses need to succeed – now and in the 21<sup>st</sup> century: credit, capital, and technical assistance. We want to expand our network of venture capital companies and provide incentives for them to target the small firms that need help the most.”**

The workshop today in Chicago is the first in a series of seven SBA is sponsoring around the country between now and June. The workshops are designed to recruit potential Small Business Investment Company (SBIC) investors and management teams with experience in investing in small businesses in low- and moderate-income areas.

The workshops bring together three main constituencies: 1) funding sources, primarily the banking community; 2) venture managers, including existing SBICs and Specialized SBICs; and 3) community development organizations.

Other workshops are scheduled for Kansas City (4/6), New York (4/12), Atlanta (5/6), Dallas (5/17), Los Angeles (6/1) and San Francisco (6/2). More detailed information about the New Markets Workshops can be obtained at the SBA Internet website at [www.sba.gov/inv/marketworkshop.html](http://www.sba.gov/inv/marketworkshop.html).

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**“We want these workshops to result in the creation of new SBIC licensees, new interest in rural and inner city investing, and a database of investment and community development professionals that will be available to work with SBA on this effort,”**

Administrator Alvarez said.

SBICs, licensed and regulated by the SBA, are privately-owned and privately-managed investment firms that use their own capital, plus funds acquired with SBA guarantees to make investments in small businesses. SBICs provide risk capital in the form of long-term debt and equity financing to small businesses for their growth, modernization or expansion.

SBA venture capital companies help small, unproven companies in their early and difficult formative period, providing time to establish products, organizations and credit standing with suppliers and conventional lenders. SBICs make such investments with the ultimate objective of investment returns in the form of capital gains.

The SBIC program currently has 332 licensees with a total committed investment pool of \$9.8 billion. SBICs have invested nearly \$20.5 billion in more than 116,000 small business financings since the program's inception in 1958, including \$3.2 billion in FY 1998. Last year, about 32 percent of the number of investments were made in firms that are at least 50 percent or more owned by minorities or women. Those investments represent about 6.3 percent of the total dollars invested.

Well-known companies that benefited from early SBIC investments include Intel, Federal Express, Apple and Compaq Computer. In fact, the federal income taxes generated in a typical year by Intel alone are more than enough to fund the SBA's entire budget for the current year.

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*For more information about SBICs and other SBA programs, call the SBA Answer Desk at 1-800-U-ASK-SBA, or visit the SBA's extensive website at [www.sba.gov](http://www.sba.gov).*

*The U.S. Small Business Administration, established in 1953, provides financial, technical and management assistance to help Americans start, run, and grow their businesses. With a portfolio of business loans, loan guarantees and disaster loans worth more than \$45 billion, the SBA is the nation's largest single financial backer of small businesses. Last year, the SBA offered management and technical assistance to more than one million small business owners. The SBA also plays a major role in the government's disaster relief efforts by making low-interest recovery loans to both homeowners and businesses. America's 24 million small businesses employ more than 50 percent of the private workforce, generate more than half of the nation's gross domestic product, and are the principal source of new jobs in the U.S. economy.*

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